



Health Services
LOS ANGELES COUNTY

January 27, 2009

**Los Angeles County
Board of Supervisors**

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John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF APPROPRIATION ADJUSTMENT FOR THE
MARTIN LUTHER KING, JR. MULTI-SERVICE
AMBULATORY CARE CENTER
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

SUBJECT

Request approval of a Fiscal Year (FY) 2008-09 Appropriation Adjustment related to the Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC).

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the attached FY 2008-09 Appropriation Adjustment to move \$33 million from the Provisional Financing Uses (PFU) - Health budget to the Department of Health Services' (DHS) MLK-MACC budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board's approval of the Appropriation Adjustment (Attachment I) will restore the FY 2008-09 operating budget for the MLK-MACC to the required level to support facility operations for the remainder of this fiscal year.

On June 17, 2008, your Board directed the Chief Executive Office (CEO) and DHS to move \$33 million from the MLK-MACC FY 2008-09 budget to the PFU-Health budget. This action was taken to reflect an MLK-MACC budget based on the number of visits being provided at that time. Alternatively, if DHS could increase the visits to the MLK-MACC to exceed 150,000 per year, these funds could be restored at the MLK-MACC.

The MLK-MACC will exceed the expected service level of 150,000 visits during FY 2008-09 based upon its actual reported visits for July through December 2008. As a result, DHS requests that your Board restore \$33 million in essential funding to the MLK-MACC for FY 2008-09.

DHS estimates that the MLK-MACC will provide 157,190 total billable visits during FY 2008-09, or 176,507 visits if both billable and non-billable services are counted. Attachment II provides detailed actual and projected visits for FY 2008-09 by clinic area.

To confirm the accuracy of this data, DHS finance and audit staff reviewed a sample of 446 reported visits covering all clinics and verified them to supporting documentation included in patient medical records. This review identified that 97% of the total sampled visits were supported by medical records documentation.

As noted in my September 23, 2008, memo to your Board (Attachment III), the MLK-MACC has achieved higher visit counts based on (1) clinic expansions, (2) growth trends in existing clinics, and (3) capturing previously unreported visits.

At the October 7, 2008, Board meeting for the FY 2008-09 Supplemental Budget, it was discussed that DHS would continue to monitor patient visits at the MLK-MACC and gather additional months of data to confirm the FY 2008-09 projected visit counts. Based on achieving the expected service level of 150,000 visits, DHS is now returning to your Board to seek restoration of the \$33 million in the MLK-MACC operating budget.

Implementation of Strategic Plan Goals

The recommended action is consistent with Goal 4, Fiscal Responsibility, and Goal 7, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The attached FY 2008-09 Appropriation Adjustment will restore \$33 million in essential funding to the MLK-MACC for the remainder of this fiscal year. This budget authority is required for the MLK-MACC to continue to provide critical outpatient and urgent care center services to the South Los Angeles region.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Following the closure of the former Martin Luther King, Jr. - Harbor Hospital in August 2007, the MLK-MACC was created to provide outpatient, urgent care and specialty care services. In January 2008, DHS contracted with Health Management Associates (HMA) to assess the transition of MLK from a hospital to a MACC, and to make recommendations and determine benchmarks for a productive, efficient, and quality ambulatory program.

HMA conducted an extensive review of current operations and compared MLK-MACC staffing to industry standards for similarly sized institutions. HMA's staffing recommendations were based on services that are currently provided at the MLK-MACC, and the potential demand for services and capacity for meeting these services over the next 12 months. HMA recommended a staffing plan of 628-638 employees (not including custodial staff) based on the current services model and a projected volume of 176,986 visits across all service areas. In August 2008, staffing at the MLK-MACC was reduced to 680 County employees (including 47 custodial staff).

It should be noted that the HMA analysis, upon which the MLK-MACC staffing model was based, used workload data which included both billable and non-billable patient visits in the total HMA projected workload of 176,986 annual visits. For example, HMA included workload for such areas as Physical Therapy, Occupational Therapy, and Employee Health, which are generally not billable visits as defined by Medi-Cal Cost Based Reimbursement Clinic guidelines.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of this Appropriation Adjustment will ensure that the Department continues to provide services at the MLK-MACC through the remainder of this fiscal year.

CONCLUSION

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:jj

Attachments (3)

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

PINK

76R 352M 11/83

Attachment I

BOARD OF
SUPERVISORS
OFFICIAL COPY

COUNTY OF LOS ANGELES

request for appropriation adjustment

department of Health ServicesDept's.
No.

110

January 9

2009

Auditor-Controller.

the following appropriation adjustment is deemed necessary by this department. will you please report as to accounting and available balances and forward to the Chief Executive Officer for his recommendation or action.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2008-09

3 - VOTES

SOURCES

Provisional Financing Uses - HS

A01-CB-2000-13749-13763

Services and Supplies

Decrease Appropriation

\$33,000,000

Southwest Network

MN5-HK-96-9912-60030

Operating Subsidy

Increase Revenue

33,000,000

USES

Ent Sub-SW Cluster

A01-AC-6100-21200-21228

Operating Transfers Out

Increase Appropriation

\$33,000,000

Southwest Network

MN5-HK-60030-1000

Salaries & Employee Benefits

Increase Appropriation

33,000,000

Total

\$66,000,000

Total

\$66,000,000

JUSTIFICATION

To request approval to move \$33 million from the Provisional Financing Uses (PFU) budget to the Department of Health Services' (DHS) MLK Multi-Service Ambulatory Care Center (MACC) budget. On June 17, 2008, your Board directed the Chief Executive Office and DHS to move \$33 million from the MLK MACC FY 2008-09 budget to the PFU budget. This action was taken to reflect an MLK MCC budget based on the number of visits being provided at that time. Alternatively, if DHS could increase the visits to the MLK MACC to exceed 150,000 per year, these funds could be restored at the MLK MACC.

Mela Guerrero
Mela Guerrero, Controller (DHS Controller's Div.)

Chief Executive Officer's Report

Referred to the Chief
Executive Officer for —

action

Approved as Requested

as Revised

Recommendation

Jan. 14, 2009

[Signature]
Chief Executive Officer

auditor-controller

by

approved (as revised):
board of supervisors

20

no.

118

[Signature]
Jan 12, 2009

by

deputy county clerk

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
MLK MACC**

HMA Targeted Visits and Projected Visits

Clinic Group	HMA Annual Visits (1)	FY 08-09 Year-to-Date Visits (2)	FY 08-09 Total Projected Visits (3)
Community Health Plan	6,000	3,157	6,457
IM - Cardiology	4,000	1,585	3,282
IM - Dermatology	4,500	3,163	6,535
IM - Endocrine/Diabetes	11,000	5,629	11,361
IM - Geriatrics	2,400	1,182	2,431
IM - GI	4,800	2,785	5,719
IM - Hemo/Oncology	7,400	3,292	6,601
IM - General Medicine	12,000	5,099	10,667
IM - Nephrology	2,500	620	1,247
IM - Neurology	6,000	2,211	4,676
IM - Oasis	6,500	2,625	5,312
IM - Pulmonary	1,200	512	1,043
OB/GYN	10,800	6,054	12,680
Ortho Surgery	6,000	4,195	8,407
Urology	4,000	2,270	4,600
General Surgery	-	3,821	7,771
Ambulatory Surgery	-	839	1,954
General Surgery & Ambulatory Surgery	12,000	-	-
ENT	5,000	4,056	8,321
Eye	12,000	4,031	8,084
Peds/Allergy	1,500	573	1,172
Peds/HUB	6	1,656	3,704
Peds/GI	180	53	110
General Pediatrics	4,200	2,470	5,143
Occupational Health	1,000	1,317	2,745
Urgent Care	35,000	15,444	30,819
Oral Surgery/Maxillofacial	9,000	4,350	8,697
OT/Adult	1,000	879	1,698
PT/Adult	7,000	2,323	4,806
Radiology Provider Visits	-	-	370
PPP Referrals to Various Area	-	-	100
Total	176,986	86,191	176,507

- (1) Source from HMA Report Deliverable #5 page 15.
- (2) FY 08-09 Year-to-Date Billable Visits + FY 08-09 Year-to-Date Non-Billable Visits = Total Year-to-Date Visits through December 31, 2008 (77,355 + 8,836 = 86,191)
- (3) FY 08-09 Projected Billable Visits + FY 08-09 Projected Non-Billable Visits = Total Projected Visits (157,190 + 19,317 = 176,507)



Los Angeles County
Board of Supervisors

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Michael D. Antonovich
Fifth District

September 23, 2008

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D.
Interim Director

SUBJECT: **PATIENT VISITS PROJECTIONS FOR THE
MARTIN LUTHER KING MULTI-SERVICE
AMBULATORY CARE CENTER (MLK MACC) –
INFORMATION FOR SUPPLEMENTAL BUDGET
(OCTOBER 7, 2008 AGENDA)**

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

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On June 17, 2008, on motion of Supervisor Molina, your Board directed the Chief Executive Office (CEO) and the Department of Health Services (DHS) to move \$33 million from the MLK MACC Fiscal Year (FY) 2008-09 budget to the Provisional Financing Uses (PFU) budget. This action was taken to reflect an MLK MCC budget based on the number of visits being provided at that time. Alternatively, if DHS could increase the visits to the MLK MACC to exceed 150,000 per year, these funds could be restored at the MLK MACC.

This memo is to (1) provide your Board with a report on DHS' actions to increase the number of patient visits at the MLK MACC; and (2) request that your Board restore the \$33 million now in the PFU budget to the MLK MACC budget for Fiscal Year (FY) 2008-09, based on clinic expansions and other changes being implemented at the MLK MACC. We anticipate that these changes, described below, will increase visit volume at the MLK MACC to 177,207 patient visits for FY 2008-09 and 180,072 for FY 2009-10. This request to restore funding will be made to your Board during discussions on the Supplemental Changes on October 7, 2008.

Background

As you know, following the closure of the former Martin Luther King, Jr. - Harbor Hospital in August 2007, the MLK MACC was created to provide outpatient, urgent care and specialty care services. In January 2008, DHS contracted with Health Management Associates (HMA) to assess the transition of MLK from a hospital to a MACC, and to make recommendations and determine benchmarks that are essential to a productive, efficient, and quality ambulatory program.

Each Supervisor
September 23, 2008
Page 2

HMA conducted an extensive review of current operations and compared MLK MACC staffing to industry standards for similarly sized institutions. HMA's staffing recommendations were based on services that are currently provided at the MLK MACC, and the potential demand for services and capacity for meeting these services over the next 12 months. HMA recommended a staffing plan of 628-638 employees (not including custodial staff) based on the current services model and a projected volume of 176,986 visits across all service areas. In August 2008, staffing at the MLK MACC was reduced to 680 County employees (including 47 custodial staff).

Following the August 2008 "right sizing" of the MLK MACC clinic staff, DHS and MLK MACC management analyzed patient demand and clinic capacity in each MACC clinic area with the goal of improving efficiency and patient access, while increasing the volume of patient visits. DHS finance staff also reviewed how visit data is captured in each clinic at the MLK MACC to ensure that workload is being accurately counted.

It should be noted that the HMA analysis, upon which the MLK MACC staffing model was based, used workload data which included both billable and non-billable patient visits in the total HMA projected workload of 176,986 annual visits. For example, HMA included workload for such areas as Physical Therapy, Occupational Therapy, and Employee Health, which are generally not billable visits as defined by Medi-Cal Cost Based Reimbursement Clinic guidelines. The number of billable visits in FY 2008-09 based on the projected workload is approximately 160,000.

Discussion Summary

The Department is projecting an annual visit workload for FY 2008-09 of 177,207 based on the following:

- a) projected visits of 154,316 for FY 2008-09 (based on workload data for April through June 2008);
- b) clinic expansions (discussed below) which will be effective October 1, 2008 and will result in an additional 7,074 projected visits for FY 2008-09;
- c) a growth trend in various clinics based on efforts implemented in recent months to increase volume resulting in an additional 5,700 projected visits for FY 2008-09; and
- d) adjustments for previously unreported visits totaling 10,117 which will require system set up and user training to enable appropriate data capture and reporting.

Each Supervisor
September 23, 2008
Page 3

Actions to Increase Visits by Clinic Area

Based upon the review of clinic capacity and patient demand, we have identified the following MLK MACC clinic areas for additional growth during FY 2008-09. When fully implemented by fiscal year end, these changes will account for 7,074 additional visits in 2008-09 and 9,432 additional visits in FY 2009-10.

- The Community Health Plan (CHP) clinic will expand access to the adult clinic to non-CHP members. Traditionally, this clinic has been open to CHP members only. This expansion will help address current demand for primary care from non-CHP members reflected in the current backlog for general medicine, daily phone calls requesting appointments, MLK urgent care, etc. This change is anticipated to result in a projected increase of 1,000 visits annually.
- Geriatric providers (currently seeing patients three days a week at Hubert H. Humphrey CHC) will staff a morning clinic once per week at MLK-MACC. Referral sources are the general medicine backlog of patients aged 65 and older, urgent care referrals, Public Private Partners (PPPs), community outreach, etc. This change is anticipated to result in a projected increase of 800 visits annually.
- OB/GYN will increase the number of gynecology sessions for two physician providers and one nurse practitioner due to the high service demand. Referral sources are urgent care, MLK clinics, PPPs, community outreach, and clinic backlog. This change is anticipated to result in a projected increase of 1,500 visits annually.
- Orthopedics recently hired one part-time physician to address the demand in this clinic. Referral sources are urgent care, MLK clinics, clinic backlog, etc. Availability of this physician is expected to result in a projected increase of 400 visits annually.
- The Ambulatory Surgery Center was opened in June 2008 and began performing a limited number of procedures. Referral sources include the MLK MACC clinics, urgent care, PPPs, DHS facilities, and community outreach. It is anticipated that this service will increase visits by 4,132 annually.
- Pediatric Allergy will increase clinic sessions from one to two weekly. Referral sources are urgent care, MLK clinics, PPPs, and community outreach. This change is anticipated to result in a projected increase of 1,000 annual visits.
- General Pediatrics will increase pediatric dermatology clinic sessions by one per week. Referral sources are urgent care, MLK clinics, PPPs, clinic backlog, etc. This change is anticipated to result in a projected increase of 600 annual visits.

Each Supervisor
September 23, 2008
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Other Adjustments

DHS finance staff completed a detailed review of clinic workload reports and identified that the workload statistics did not accurately capture some of the patient visits that are actually being provided at the MLK MACC. The Department's analysis determined that the staff were not correctly utilizing the patient scheduling system and did not fully understand what clinic services constitute a reportable visit. The visit projections have taken these issues into account. The adjustments related to these issues constitute approximately 5.7% of the total annual projected visits. Staff in impacted clinics are being retrained on the proper use of the system that will permit data capture and facilitate workload reporting. The Department will closely monitor the workload data to ensure the visit counts are accurate.

Summary

The Department projects that the MLK MACC will provide 177,207 patient visits during FY 2008-09, and 180,072 during FY 2009-10. These visit volume projections are based on the workload growth trend, the capture of previously unreported data, and the clinic expansions discussed above.

The Attachment provides a clinic by clinic comparison between the HMA model's targeted visits and DHS' projected visits for FYs 2008-09 and 2009-10.

Conclusion

The MLK MACC continues to adjust to the significant challenges of the last 13 months, including the August 2008 staff reduction. However, the facility cannot continue to provide outpatient care to the South Los Angeles region through the remainder of this fiscal year without restoration of the \$33 million that was removed from its budget.

We continue to work on implementing the remainder of HMA's recommendations, and will inform your Board of our progress.

Please let me know if you have any questions or need additional information.

JFS:sr

Attachment

c: Chief Executive Officer
Executive Officer, Board of Supervisors

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
MLK MACC**

HMA Targeted Visits and Projected Visits

Clinic Group	HMA Annual Visits (1)	FY 08-09 Total Projected Visits (2)	FY 09-10 Total Projected Visits (3)
Community Health Plan	6,000	7,130	7,380
IM - Cardiology	4,000	3,612	3,612
IM - Dermatology	4,500	6,040	6,040
IM - Endocrine/Diabetes	11,000	10,576	10,576
IM - Geriatrics	2,400	1,828	2,028
IM - GI	4,800	5,508	5,508
IM - Hemo/Oncology	7,400	6,392	6,392
IM - General Medicine	12,000	11,056	11,056
IM - Nephrology	2,500	1,456	1,456
IM - Neurology	6,000	5,944	5,944
IM - Oasis	6,500	5,220	5,220
IM - Pulmonary	1,200	952	952
OB/GYN	10,800	14,273	14,648
Ortho Surgery	6,000	7,952	8,052
Urology	4,000	4,268	4,268
General Surgery	-	6,652	6,652
Ambulatory Surgery	-	3,367	4,400
General Surgery & Ambulatory Surgery	12,000	-	-
ENT	5,000	7,696	7,696
Eye	12,000	8,736	8,736
Peds/Allergy	1,500	1,890	2,140
Peds/HUB	6	3,604	3,604
Peds/GI	180	112	112
General Pediatrics	4,200	5,082	5,232
Occupational Health	1,000	600	600
Urgent Care	35,000	29,632	29,632
Oral Surgery/Maxillofacial	9,000	7,956	7,956
OT/Adult	1,000	1,800	1,800
PT/Adult	7,000	6,480	6,480
Radiology Provider Visits	-	1,125	1,500
PPP Referrals to Various Area	-	268	400
Total	176,986	177,207	180,072

- (1) Source from HMA Report Deliverable #5 page 15.
- (2) FY 08-09 Projected Billable Visits + FY 08-09 Projected Non-Billable Visits = FY 08-09 Total Projected Visits (159,879 + 17,328 = 177,207)
- (3) FY 09-10 Projected Billable Visits + FY 09-10 Projected Non-Billable Visits = FY 09-10 Total Projected Visits (162,612 + 17,460 = 180,072)